



LEE & MAN PAPER MANUFACTURING LIMITED

理文造紙有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2314

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting ("AGM") of Lee & Man Paper Manufacturing Limited (the "Company") will be held at Chatham Room, 7/F., Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on 16 August 2004 at 11:30 a.m. to receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 March 2004 and for the following purposes:-

As ordinary business, to consider and if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

1. (i) to declare a final dividend for the year ended 31 March 2004;
- (ii) to re-elect Mr. Lee Wan Keung, Patrick, as an executive director of the Company;
- (iii) to re-elect Mr. Lee Man Chun, Raymond, as an executive director of the Company;
- (iv) to re-elect Mr. Tan Siak Him, Alexander, as an executive director of the Company;
- (v) to re-elect Mr. Wong Kai Tung, Tony, as an independent non-executive director of the Company;
- (vi) to re-elect Mr. Heng Kwoo Seng, as an independent non-executive director of the Company;
- (vii) to elect Mr. Lee Man Bun as an additional executive director of the Company;
- (viii) to authorize the board of directors of the Company to fix the remuneration of all directors of the Company who are newly elected or re-elected at the AGM provided that the total amount (excluding bonuses in favour of executive directors) shall not exceed the amount of HK\$3,517,500 for the year ending 31 March 2005. The bonuses in favour of the executive directors shall be decided by the majority of the board of directors of the Company provided that the total amount of bonus payable to all the directors in respect of any one financial year shall not exceed 10% of the consolidated profit after taxation of the Group for the relevant year; and
- (ix) to re-appoint auditors for the ensuing year and authorize the board of directors of the Company to fix their remuneration.

As special business, to consider and, if thought fit, pass the following ordinary resolutions:

ORDINARY RESOLUTIONS

2. (i) **"THAT:-**
 - (a) subject to paragraph (c), the exercise by the board of directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) shall authorize the board of directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the board of directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or the exercise of the subscription rights under the share option scheme of the Company adopted on 11 September 2003, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
 - (d) for the purpose of this resolution:-

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:-

 - (I) the conclusion of the next annual general meeting of the Company;
 - (II) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
 - (III) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in a general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the board of directors of the Company to shareholders of the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the board of directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong)."
- (ii) **"THAT:-**
 - (a) the exercise by the board of directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of shares of the Company to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
 - (c) for the purpose of this resolution,

"Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

 - (I) the conclusion of the next annual general meeting of the Company;
 - (II) the expiration of the period within which the next annual general meeting of the Company is required to be held by any other applicable law or the articles of association of the Company; and
 - (III) the revocation or variation of this resolution of the Shareholders in a general meeting."
 - (iii) **"THAT** conditional upon resolution number 2(ii) above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the board of directors of the Company as mentioned in resolution number 2(i) above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the board of directors of the Company pursuant to resolution number 2(i) above."

As special business, to consider and if thought fit, pass with or without any amendments, the following special resolutions:

SPECIAL RESOLUTIONS

3. **"THAT** the articles of association of the Company be and are hereby amended in the following manner:

Article 2

 - (i) By inserting the following new definitions in Article 2(1):

"associate"	the meaning attributed to it in the rules of the Designated Stock Exchange.
"Company's website"	the website of the Company to which any Member may have access, the address or

domain name of which has been notified to the Members at the time the Company seeks the relevant Member's consent for the purposes of Article 161."

- (ii) By inserting in Article 2(2)(e) after the words "expressions referring to writing" the words "or printing"; and delete after the words ", and including where the representation takes the form of electronic display, provided that" of the Article 2(e) and replace with "the same is available for download onto a user's computer or for printing through conventional small office equipment or is placed on the Company's website and, in each case, the Member concerned (where the relevant provision of these Articles requires the delivery at service of any document or notice on him in his capacity as shareholder) has elected for the receipt of the relevant document or notice through electronic means and both the mode of service of the relevant document or notice and the Member's election comply with all applicable Statutes, rules and regulations";

Article 44

- (i) By inserting after the words "any other newspapers in accordance with the requirements of any Designated Stock Exchange" the words "or by any electronic means or any other means".
- (ii) By deleting on the 9th line the words "or by any electronic means".

Article 51

By inserting after the words "in accordance with the requirements of any Designated Stock Exchange" the words "or by any means in such manner as may be accepted by the Designated Stock Exchange".

Article 76

- (i) By re-numbering existing Article 76 as Article 76(1);
- (ii) By inserting the following as new Article 76(2):

"(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted."

Article 86

By adding the following as a new sub-paragraph (8) to Article 86:

"(8) An alternate Director shall not be, nor be deemed to be, the agent of the Director appointing him and the latter shall not be vicariously liable for any tort committed by the former"

Article 88

By deleting Article 88 in its entirety and replacing therewith the following new Article 88:

"No person other than a Director retiring at the meeting, shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless there shall have been lodged at the Office or at the head office of the Company within the period referred to in the next succeeding sentence a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected. The period for lodgment of such notices shall commence on (and include) the day after the despatch of the notice of meeting appointed for such election and end on (and exclude) the date that is seven (7) days before the date appointed for the meeting."

Article 103

By deleting the existing Article 103 in its entirety and replacing therewith the following new Article 103:

"103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and/or his associate (s) is/are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director and/or his associates holds five (5) per cent. or more is/are materially interested in a transaction,

then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.

- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board."

Article 115

By inserting after the words "The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone" the words "or by any electronic means".

Article 161

By inserting the following new Article 161 in place of the existing Article 161:-

"161. Any Notice or document (including any "corporate communication" within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders."

Article 162

- (i) By replacing the word "or" at the end of the third line of Article 162(c) with a "," and insert the words "or publication" after the word "transmission" at the beginning of the fourth line;
- (ii) By replacing the word "or" at the beginning of the last line of Article 162(c) with a "," and insert the words "or publication" after the word "transmission" on the same line;

4. **THAT** the new articles of association of the Company, consolidating all of the changes referred to above and in the form produced to the meeting, be and are hereby adopted with immediate effect in replacement of the existing articles of association of the Company."

By Order of the Board
Cheung Kwok Keung
Company Secretary

Hong Kong, 19 July 2004

Principal place of business:
8th Floor Liven House
61-63 King Yip Street
Kwun Tong
Kowloon
Hong Kong

Registered Office:
Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

As at the date of this circular, the board of directors of the Company comprises three executive directors, namely Mr. Lee Wan Keung, Patrick, Mr. Lee Man Chun, Raymond and Mr. Tan Siak Him, Alexander and two independent non-executive directors, namely Mr. Wong Kai Tung, Tony and Mr. Heng Kwoo Seng.

Notes:

1. Any member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote in his stead in accordance with the articles of association of the Company. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders shall be present at the meeting personally or by proxy, that one of the holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. The form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power of attorney or authority must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the Annual General Meeting, and in default the form of proxy shall not be treated as valid. The completion and return of the form of proxy shall not preclude members from attending and voting in person at the AGM (or any adjourned meeting thereof) should they so wish.
4. In accordance with the Company's articles of association, the following categories of members may demand that the vote in respect of any resolution to be put to the general meeting should be taken on a poll:
 - (a) at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
 - (b) any member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (c) any member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
 - (d) the chairman of such meeting.

A poll may be so demanded before or on the declaration of the result of the show of hands.

* for identification purposes only